

POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Retail Access Optimization Initiative

Docket No. N2011-1

**Errata to the Response of National League of Postmasters
Witness Hobbs to USPS/NLPM RT2-2
(October 12, 2011)**

The National League of Postmasters hereby provides a revised response to the above-listed interrogatory of the United States Postal Service. The Response of National League of Postmasters Witness Hobbs to the Postal Service's second interrogatory, dated October 6, 2011 inadvertently left off the attachment that was referenced in the response. The response being filed today includes the attachment. No changes were made to the response, except that the response now refers to the letters being attached and eliminates any reference to Attachment "B." .

/s/ Robert J. Brinkmann

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USPS/NLPM-RT2-2

Please refer to page 1, line 22 of your testimony. Please describe in detail all activities and provide copies of all documents directed by IPOS to elected and appointed United States government officials since January 2010 related to efforts by IPOS to "help save" the United States Postal Service.

Revised October 12, 2011

Response

There are three letters, described below, attached to this interrogatory response.

- July 29, 2011 Joint Letter from the Iowans for Post Office Services and Governor Terry Branstad to Postmaster General Donahoe.
- July 16, 2011 Letter to Chair Goldway and the Members of the Postal Regulatory Commission.
- August 29, 2011 Letter to Senator Tom Harkin, with a cc to Senator Chuck Grassley, all Iowa Congressman, PMG Donahoe, and PRC Chair Goldway.

For the July 29 letter, since the Postmaster General seemed to be ignoring the protests of the towns that were losing post offices, Governor Branstad joined us on that letter to try to get a bit more of the Postmaster General's attention. It obviously did not work. Both the letter to Postmaster General Donahoe and the letter to the Iowa Congressional delegation had the same goal of asking for a moratorium on closing Post Offices while a commission could be formed to find solutions to the USPS financial problems.



TERRY E. BRANSTAD
GOVERNOR

OFFICE OF THE GOVERNOR

KIM REYNOLDS
LT. GOVERNOR

July 29, 2011

The Honorable Patrick R. Donahoe
475 L'Enfant Plaza SW
Washington, DC 20260-3100

Dear Postmaster General Donahoe:

We understand that the United States Postal Service (USPS) is seeking to overcome financial challenges and appreciate that a variety of actions will be necessary. However, we are concerned about the focus on closures of Post Office locations and processing centers within Iowa. Alarming, the closure effort seems to be disproportionately targeted to facilities in Iowa and West Virginia. We understand that there will have to be some closings nationwide, but those closures should be equally distributed across states and regions. No state or postal district should bear an undue burden.

As leaders from across the state of Iowa, we have formed a group called "Iowans for Post Office Services". Our focus is not to fight the USPS, but rather we hope to help save it. We want the USPS to provide adequate, effective, and efficient services to all communities, including rural communities.

The smallest 10,000 Post Offices in the United States make up about 7 tenths of 1% of the USPS budget. Even if all of those 10,000 offices were closed, it would take a decade before the relevant costs were eliminated in this small slice of overall USPS expenses. For example, rental commitments remain even if the Post Office is closed and there would be significant installation costs for new cluster boxes in these towns.

The Post Offices being targeted for closure in Iowa are primarily in rural communities. Unlike large cities, rural communities face great hardships with the closing of their Post Offices because residents do not have the luxury of going to another retailer that sells stamps or accepts packages. Loss of Post Offices in rural Iowa also hinders economic development and presents a challenge for attracting and maintaining businesses. In addition, existing businesses incur time and labor costs associated with sending staff to mail packages in neighboring communities. A mail carrier can only take packages up to 13 ounces. Most businesses mail packages larger than that every day. Businesses without a local post office would be put at an economic disadvantage. President Obama recently formed the White House Rural Council which seeks ways to strengthen rural communities and promote economic growth. The actions of the USPS in Iowa are complicating the Council's mission and negatively impacting the citizens and businesses within Iowa during a fragile economic recovery.

Most rural towns in Iowa have a large senior citizen population, and in some, like Stratford, Iowa, 25 percent of the population is over the age of 65. These older citizens receive medications in the mail and their primary connection to the outside world is through the mail they send and receive.

The current closure process of the USPS does not seem to have any rhyme or reason. Postal representatives say that they are targeting Post Offices that are vacant and are being run by an Officer in Charge because the previous Postmaster retired. Yet, thankfully only some of the Post Offices with an Officer in Charge have received closure notices. The discrepancy across USPS districts and states is also concerning. Communications from Postal Service leadership to community and state leaders has been sporadic and uncoordinated. For example, on Tuesday, July 27, 2011, many communities in the state learned about potential closures for 178 additional Iowa communities by reading the morning newspaper, without prior notification or communication from the Postal Service. Requests for information on corresponding rationale are met with exorbitant fees for the requested information – for example Sioux City officials were told it would cost \$831,000 to receive information providing rationale on why the Postal Service decided to close Sioux City's mail processing center and move the work to Sioux Falls, South Dakota. The Postal Service could have provided a simple memo summarizing the decision making process and rationale. The Postal Service's overall approach shows disregard for the many partners the Postal Service has in Iowa.

We request the following:

1. A meeting between you and/or other senior USPS officials, including Gail Duba, District Manager for the Hawkeye District, to address our concerns in the very near future.
2. The establishment of a Blue Ribbon commission to make holistic recommendations on how to solve USPS fiscal challenges in a comprehensive fashion that does not focus on closures within just a few rural states like Iowa.
3. Establishing a moratorium on the closure of Postal facilities for a year within the State of Iowa, or until our concerns can be adequately addressed and a clear rationale provided for the disproportionate amount of closings in Iowa.

We strongly believe that a holistic solution would examine a myriad of options and recommendations and think beyond current laws and regulations. One such idea we urge for consideration is a shared services concept where Postmasters could serve multiple offices. We believe that many communities would welcome reduced hours to support a shared Postmaster, in order to keep their Post Office open. Other countries with thriving mail delivery systems that can provide best practices. All types of mail should be examined.

We believe there are many options that the Postal Service and congressional leaders should consider. Revising your business plan may be the best place to start. Successful companies revisit their business model regularly, even daily, to ensure business health. We feel that the Postal Service needs to take a hard look at other ways to make their business profitable, and we welcome the opportunity to work with the United States Postal Service to help representatives achieve this goal.

Sincerely,



Donny Hobbs
Mayor, City of Lohrville, Iowa
Director, Iowans for Post Office Services



Terry E. Branstad
Governor, State of Iowa



Iowans for Post Office Services

www.iowapos.org

Docket N2001-1

August 16, 2011

Dear Chairman Goldway and members of the Postal Rate Commission,

I am writing here to comment on Docket N2001-1.

A few comments on statements contained in the request for an advisory opinion.

Section I: Mention is made regarding the convenient alternate access retail options that are available. It is obvious that most of the 3,650 locations on the RAO list are not within a reasonable distance to any of these existing alternate access channels. Most of the 178 locations in Iowa that are on the RAO list are small towns and rural communities. The "village Post Office" as defined in this document will only sell stamps and pre-paid Flat Rate packages. It says nothing of where small town and rural residential and business customers are to receive other services. As I have been told by USPS personnel, the rural carrier can only take packages up to 13 ounces. Most businesses regularly send packages weighing more than 13 ounces. In small towns and rural communities without other alternative access channels they are left with ineffective local service requiring them to drive what is typically a 30 min round trip to another town. This leaves them with inefficient shipping for packages. As a result many packages will not be able to be shipped in a timely manner.

Section III:

1. Top-Down Process. This seems on the surface to be a good process. If the call for a discontinuance study comes from higher in the company it should be limited to offices that meet a specific criteria and, therefore, more consistency in that decision. Looking at the RAO list this does not appear to be the case. There must be more than 2,825 Post Offices with what is considered low work load and less than \$27,500 in annual revenue. I'm sure all 2,825 meet that criteria but why were they chosen and not others that do meet that criteria.
2. Factors to trigger a study. Each stated factor may be a legitimate reason, but not in and of its self. Not one of these alone should be enough to trigger a study, it should take one of those criteria when mixed with another legitimate criteria.
4. Station and Branch Discontinuance. The patrons of these facilities deserve the same public notice and comment periods as patrons of Post offices. Public comment is an important part of the process and more time to evaluate is very good.

Page 11 has a reference to "ad hoc, isolated proposals." This is referring to studies already in process. I don't understand what definition of isolated they are using. There are some 2,000 offices that are being studied, which accounts for 6.25% of the 31,500 total. Eighty of those facilities are here in Iowa. Although a disproportionately higher number of offices were being studied in Iowa and West Virginia I don't see how this can be considered isolated.

Iowans for Post Office Services

The following comments are in reference to USPS-T-1.

Section II: B. Alternative Access Channels. Mr. Boldt refers to 35% of retail revenue coming from alternative retail access. It would be worth the time to find out what percentage of retail revenue comes from alternative retail access used by people in the areas of the 2,825 retail offices listed on the RAO. I know that a majority of the 178 here in Iowa do not have alternative access channels locally and only a small percentage of the residents in those areas would make use of the internet access.

Table 3 refers to retail locations with less than \$100,000 in WIR. Of the three categories being considered, none refer to locations with less than \$100,000 WIR. It would be better to have a table show the revenue distribution for retail locations with less than \$27,500 WIR.

On page 9 Mr. Boldt refers to a 2006 Congressional mandate to expand and market alternative retail access channels. This does not justify closing Post Offices in small towns and rural communities. Rather, to give opportunity for more services to all persons.

Section III. A. Impetus for the Initiative. Wide spread alternative access for obtaining postal services is really only true in urban and suburban areas. This access is not wide spread in small towns or rural communities. Therefore the basis of this entire section in reference to a majority of the 2,825 which are located in small towns and rural communities.

I understand that the USPS needs to make drastic changes in order for them to continue to provide Postal Services. However, closing these Post Offices will not make up the rather large deficit in their budget.

Thank you, for considering my comments on this matter.

Respectfully,

Donny Hobbs
Mayor, City of Lohrville, Iowa
Director, Iowans for Post Office Service

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Iowans for Post Office Services

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Senator Tom Harkin
210 Walnut St
Federal Building Rm 733
Des Moines, Iowa 50309

August 25, 2011

Dear Senator Harkin:

As you know the United States Postal Service is in poor shape financially. In an effort to reduce costs the USPS is attempting to close retail Post Office locations, and reduce services. This effort seems to have been focused primarily on West Virginia and Iowa for the first round. The most recent list of offices to close similarly targets a larger percentage of Post Offices in Iowa than in most other states.

I have gathered Mayors and community leaders from many communities across the state of Iowa to form a group called "Iowans for Post Office Services". We are not a group formed to just fight the USPS, rather to help save it. We want the USPS to continue to provide adequate, effective, efficient service to all communities, including rural communities.

The smallest 10,000 Post Offices in the United States make up about 7 tenths of 1% of the USPS budget. Yet, these are most of the offices that the USPS is targeting to close in order to "save the business." If all of those 10,000 offices were closed it could be up to a decade before all of that 7 tenths of 1% were realized as the USPS is obligated to continue to pay rent on most of the buildings that they are located in, even if the Post Office is closed. In addition they will incur great cost installing cluster boxes in these towns.

The Post Offices being targeted for closure in Iowa are primarily in rural communities. Unlike large cities, rural communities face great hardship with the closing of their Post Offices. We do not have the luxury of going to another retailer that sells stamps or accepts packages. In fact, most of us were told by USPS representatives that this is not an option they will consider. Now I see that the Postmaster General wants to do more "Village Post Offices" even those by definition do not offer full postal services. For instance, a parent could not send, from any of these Village Post Offices, a "care package" to their sons and daughters serving in the military overseas.

Iowans for Post Office Services

The situation has a serious and negative impact on our towns. For instance, loss of Post Offices in rural Iowa creates very serious economic development issues. A town without a Post Office will find it extremely difficult to attract new businesses to locate there. Further, not having a post office creates a real hardship on the existing businesses. A mail carrier can only take packages up to 13oz. Most businesses mail packages larger than that every day. These businesses would have to take the time and expense of taking their packages to a "real" Post Office in a neighboring community. That takes time and resources away from running their business, and results in smaller margins. Depending on the facts, this might make continued location in a town without a post office unprofitable.

Many rural towns in Iowa have a large senior citizen population. For example in Stratford, IA, 25% of the population is over the age of 65. These older citizens receive medications in the mail, and their primary connection to the outside world is through mail they send and receive. It would be difficult for them to get their mail from a cluster box, blocks away from their home and dangerous for their medications to sit in a box outside in extreme weather until they can get to them. This could also be dangerous for the senior citizen, particularly during the winter when there is ice and snow build-up around the boxes.

The process that the USPS is going through right now does not seem to have any rhyme or reason to it. They say that they are targeting Post Offices that are vacant and are being run by an Officer in Charge because the previous Postmaster retired. Yet, they are not targeting all of the Post Offices with an Officer in Charge. Moreover, many of those Post Offices have Officers in Charge only because the Postal Service has refused to hire a permanent postmaster.

We are requesting that a moratorium be placed on closing Postal facilities for a year. During this year a Blue Ribbon commission should be established to make recommendations about how to identify ways of reducing the USPS budget deficit, which could include the closing of some facilities using well-reasoned criteria. These recommendations should not be tied to current legislation, rather include suggested changes to current regulations. No other options are being considered to save money. For example, the USPS is currently unwilling to consider sharing Postmasters between offices or even moving Postmasters to other offices.

Larger towns, such as Lamoni, a town of 2,324, are having their hours and services reduced. Their mail is to be sorted in a neighboring town. Carriers for Lamoni are to drive from Lamoni to Leon each morning to sort mail and then return to Lamoni to deliver it. The cost savings seems to escape reason when four employees will be paid for the extra time and mileage. Since rural carriers are paid by the mile, I understand this expense could be substantial. Does it really offset the cost of sorting in the Lamoni Post Office?

Many small communities would be happy to have reduced hours, sharing a Postmaster with other towns, instead of losing their office. Larger towns are wondering why they are losing service for their populations. Looking at other countries that have mail delivery systems that are thriving and the most noticeable difference is the cost to mail a first class letter.

Maybe it is time the USPS is allowed to raise the cost of a stamp by more than inflation. It may even be necessary for Congress and political campaigns to pay the Postal Service more for congressional and campaign mail.

Iowans for Post Office Services

We believe there are many options that the Postal Service should consider. Having this blue Ribbon Commission look at the situation may be the best place to start. There are many companies that revisit their business model daily to make sure that they are making a profit. We feel that the Postal Service needs to take a hard look at other ways to make their business profitable.

Sincerely,

Donny Hobbs
Mayor, City of Lohrville, Iowa
Director, Iowans for Post Office Service

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On behalf of IPOS members:

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Andrew, IA
Arlington, IA
Badger, IA
Bondurant, IA
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Calhoun County Economic
Development Corporation
Center Junction, IA
Crystal Lake, IA
Cushing, IA
Eldora, IA
Everly, IA
Farnhamville, IA
Ferguson, IA
Friends of Swaledale
Grafton, IA
Hamilton County Support for
Enriching Economic Development
Harlontown, IA

Harris, IA
Hills, IA
Iowa League of Cities
Kamrar, IA
Ladora, IA
Lake City, IA
Lamoni, IA
Lohrville, IA
Long Grove, IA
LuVerne, IA
Mallard, IA
McCallsburg, IA
Mid-Iowa Development
Association
Mingo, IA
Modale, IA
New Hartford, IA
Onslow, IA
Orchard, IA
Pilot Mound, IA

Prairie City, IA
Promise City, IA
Randolph, IA
Rhodes, IA
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